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OCTOBER 1961

Featuring

THE COMMON MARKET—A GRAVE DECISION

# COMMONWEALTH DIGEST

and WORLD ECONOMIC REVIEW



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Digest  
Spotlight

on

**The Monarchy  
and  
The Commonwealth**

*Also in this issue :*

**BRITAIN'S FUTURE :  
AN AMERICAN VIEW**

**WHITHER GOLD?**

**THE NATIONAL DEBT**

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## Commonwealth Digest

and World Economic Review

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# COMMONWEALTH DIGEST

and

## WORLD ECONOMIC REVIEW

(Founded in 1947 as ECONOMIC DIGEST)

OCTOBER 1961

VOLUME 2

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*Digest Spotlight focuses on*

### **The Monarchy and the Commonwealth**

#### **THE CONSTITUTIONAL POSITION TODAY**

QUEEN ELIZABETH II is Queen of the United Kingdom, of Canada, of Australia, of New Zealand, of Ceylon, of the Federation of Nigeria, Sierra Leone, and of their dependencies. The citizens of all these countries owe allegiance to the Crown, and in all of them administration is carried on in the name of the Crown. The citizens of India, Pakistan, Ghana and Cyprus, which are republics with Presidents as Heads of State, do not owe allegiance to the Crown, but accept the Queen as the symbol of the free association of the Member nations of the Commonwealth and, as such, the Head of the Commonwealth. The Head of State in the Federation of Malaya, the Yang di-Pertuan Agong, is elected by the Rulers of the constituent Malay States from among their own number: the Federation is thus not a republic but its citizens owe allegiance to their own Head of State and not to the British Crown. The Federation, like the republics, recognizes the Queen as Head of the Commonwealth. In the case of the seven countries first mentioned above,

the Queen has a relationship with the individuals comprising each country, and also a relationship, as Head of the Commonwealth, with the nation as a collective entity. In the case of India, Pakistan, Ghana, Cyprus and the Federation of Malaya, only the latter relationship exists.

The seat of the Monarchy is in the United Kingdom. In the other Member countries of the Commonwealth owing allegiance to the Crown, the Queen is represented by Governors-General appointed by her on the advice of the Ministers of the country concerned. The Governor-General acts in accordance with the constitutional practice obtaining in the country to which he is appointed in regard to the exercise of the powers of the Crown, and is wholly independent of the Government of the United Kingdom. In all essential respects, he holds the same position in relation to the administration of public affairs in the country to which he is appointed as the Queen holds in the United Kingdom. At present in several Member countries of the Commonwealth the Governor-Gen-

*From a Booklet issued by the Central Office of Information*

eral is a citizen of the country concerned.

The Governors of the Australian States and of Southern Rhodesia are the representatives of the Queen, and they are appointed on the advice of a United Kingdom Minister after consultation with the Government concerned. For each Canadian Province there is a Lieutenant-Governor appointed by the Governor-General on the advice of the Federal Government. The Governor of each of the Regions of the Federation of Nigeria is appointed by the Queen on the advice of the Premier of the Region after he has consulted with the Prime Minister of the Federation.

In the Federation of Rhodesia and Nyasaland, which comprises the territories of Southern Rhodesia, Northern Rhodesia and Nyasaland, the Queen is represented by a Governor-General, who is entrusted with certain discretionary powers in accordance with the federal constitution. The Queen is also represented by a Governor-General in the Federation of The West Indies, and by a Governor in the self-governing colonies of Southern Rhodesia and Jamaica. In the other dependent territories of the United Kingdom (including Northern Rhodesia and Nyasaland) the Queen is represented by Governors, High Commissioners or Residents, who perform the constitutional

functions of the Crown but who have in addition varying executive and legislative powers, and are responsible to the United Kingdom Government for the good government of the countries concerned. The Queen's representative in Singapore has the Malay title of Yang di-Pertuan Negara (Head of State).

In law, the Sovereign is the only person with authority to represent any part of her Realm in intercourse with a foreign State and to contract international obligations. Constitutionally, this and other acts of government requiring the participation of the Sovereign are performed on the advice of the Commonwealth Government concerned.

It was agreed by the Prime Ministers and other representatives of the Member countries of the Commonwealth, meeting in London in December 1952, that it would be in accord with the established constitutional position that each Member country should use for its own purposes a form of the Royal Title which suits its own particular circumstances but retains a substantial element common to all. They agreed that the various forms of the Title should, in addition to an appropriate territorial designation, have as their common element the description of the Sovereign as Queen of her other Realms and Territories and Head of the Commonwealth.

*Her Most Excellent Majesty ELIZABETH THE SECOND by the Grace of God, of the United Kingdom of Great Britain and Northern Ireland and of Her other Realms and Territories Queen, Head of the Commonwealth, Defender of the Faith . . .*

## Britain's Future

### AN AMERICAN VIEW

FOR 500 years, Britain's policy has been to avoid permanent entanglements in Europe in order to preserve her freedom of action around the world. As a member of the Common Market, Britain loses her traditional independence as a great power. She becomes merely part of a bigger whole—in company with France, Italy, West Germany, the Netherlands and Luxembourg.

No longer will the U.S. treat Britain as an ally a few notches above the others. In the future, her importance is to be measured mainly in terms of her contribution to the Common Market.

That downgrading, from the British point of view, is not the most serious problem she faces in her shift. Britain, to enjoy the special privileges of membership in the Common Market, will have to scrap most or all of the tariff preferences that have held the Commonwealth together. Already, nearly all Commonwealth countries have objected strongly to Britain's entry into the Common Market. The reason is that such countries as Australia, New Zealand, Canada and India, depend strongly on a preferential market for their goods in Britain. Some nations, such as New Zealand—which sends nearly all of her farm exports to Britain—would suffer a full-scale

disaster if cut off abruptly from the British market.

#### Trade diverted

Obtaining some kind of protection for these "hardship" cases is the most difficult problem facing Britain in negotiating her way into the Common Market. Even if she gets concessions from Western European countries, it is likely that much of her Commonwealth trade will be diverted to the U.S. and elsewhere.

Once in the Common Market, Britain's troubles will have only just begun. There she will find herself alongside booming, aggressive nations that far outstrip Britain in industrial efficiency. What you find in practically all of the Common Market countries is dynamic growth. What you find in Britain is stagnation . . .

Until now, Britain has done little more than treat her crises with quick doses of austerity. These, it was hoped, would be enough to enable her to keep on paying the price of being one of the world's great and independent powers.

In these weeks, with her Empire almost liquidated, and her Commonwealth markets fading, Britain is moving to the end of her centuries-long role as a global leader—and, it is hoped, into a new role as an influential and prosperous European power.

*Extract from an article entitled "New Crisis for Britain" in U.S. News and World Report*

## The Common Market—A Grave Decision

THE important decision to apply for membership of the Common Market in order to discuss terms has been made, the die cast. The brave chances of the past have been wasted. It is generally useless to cry over spilt milk, at least to cry softly. But it is sometimes necessary to draw attention to an upset, help to discover the cause of it, and perhaps ensure that some lesson at least is learned from the errors which caused the mishap.

The chief reason for our post war balance of trade and payments troubles was the decision of the Labour Government to take the American Loan in 1947 for which the *quid pro quo* was the acceptance of the General Agreement of Tariffs and Trade. One of the avowed objects of this was to render impossible a Commonwealth system of trade and to whittle away to nothing that which the war and inflation had left of it. Time after time before 1951 Conservative Party declarations pledged the party, when returned to power, to maintain Imperial Preference and to initiate a full examination of treaty restrictions which prevented this policy being fulfilled. But, when it achieved that power, the Conservative Government made excuses, from fear no doubt of offending America, for not moving in the right direction. Had it done so and given a strong lead to the Commonwealth it is our firm belief, and this point was powerfully made by Mr. Russell, in the debate on August 2nd, that the Com-

monwealth would have responded. Especially important was this in view of the projected grants of independence to so many countries of the Empire, so that, in the interests of all, these would have been integrated as a complementary economic whole instead of being left in the air, as they now are, a number of weak and sometime barely viable units.

It was not too late up till even a few weeks ago, and in spite of the meshes of GATT, to have called a Commonwealth Conference with a view to considering collectively the Common Market and trying, if found advisable, to arrange an association of the Commonwealth with it.

As it is, the Government could hardly have found more unpropitious circumstances in which to try for a deal with the Six, with a balance of payments crisis in full blast, the Commonwealth hostile, British industry divided, the Trade Unions in two minds, the farming interest opposed to the move and the two main political parties at loggerheads within and without on the matter. All this will weaken the bargaining power of the Government, even if it has the determination to insist on good terms, if such are obtainable, and the courage to break off negotiations if it does not get them.

### A Volte-face

Even up till a year ago, members of the Government were saying just the same things about our entry into

*From Commonwealth Industries' Association Monthly Bulletin*

the Common Market as the critics are saying (and, if they happen to be Conservatives, regarded by the Governments as heretics for saying) at this very moment. For instance the President of the Board of Trade declared on February 12th, 1959:

"I cannot conceive that any Government of this country would put forward a proposition which would involve the abandonment of Commonwealth free entry. It would be wrong for us and for the whole free world to adopt a policy of new duties on foodstuffs and raw materials, many of which come from under-developed countries, at present entering a major market duty-free"

and

"Finally, we must recognize that the aim of the main proponents of the Community is political integration. We can see that in Article 138 of the Treaty, which looks towards a common Assembly, directly elected. The whole idea of the Six, the Iron and Steel Community and Euratom is a movement towards political integration. That is a fine aspiration, but we must recognize that for us to sign the Treaty of Rome would be to accept as the ultimate goal, political federation in Europe including ourselves. That, as I have said, does not seem to me to be a proposition which, at the moment, commands majority support in this country."

---

## Employment and the Common Market

SINCE 1945 Britain has known a high level of employment coupled with rising wages and improving working conditions. British trade unions have bargained hard and well on behalf of organized labour.

What would happen if Britain entered the Common Market? Would all these hard-won gains be undermined?

There are two issues which mainly cause concern, the free movement of labour within the Common Market and the fate of Britain's social services.

Article 48 of the Treaty of Rome says that by 1972 workers in the

countries of the Common Market ought to be able to move freely in search of jobs. This would involve the abolition of any discrimination based on nationality in employment, remuneration and other working conditions, except in the case of public administration.

But quite recently the Council of Ministers of the European Economic Community has clarified these provisions and approved the stages by which this policy will be implemented during the transitional period up to the end of 1972.

First, for the time being, no job may be advertised in another country of the Common Market until it has

*From Common Market Broadsheet (Common Market Campaign)*

beer: advertised at home, and has remained unfilled, for a minimum of three weeks. *Secondly*, a work-permit for another Common Market country will be issued only when it has been shown that a specific offer of employment has been made. *Thirdly*, the conditions of employment of an immigrant worker will be precisely the same as those of the citizens of the country to which he has come. *Fourthly*, a work-permit

must be renewed at the end of a year's employment and will be only for the employment for which it was originally granted. If the worker leaves his job before the year is up, he must return home. *Fifthly*, after the end of three years' continuous employment a worker can move to any job for which he is qualified but cannot move wholly as he pleases until the end of four. These are very considerable safeguards.

---

## Frontiers Going Down for Community Workers

THE frontiers have begun to go down for people, as well as goods within the Common Market. On June 12 the Council of Ministers of the EEC approved the first regulations on the free movement of workers within the European Economic Community.

This new step forward by the Community, taken unanimously by the Council on the proposal of the Commission—and after the European Parliament and the Community's Economic and Social Committee had been consulted—brings closer the day when workpeople in the six member countries will be able to take up jobs anywhere in the Community without the formidable network of regulations which at present often make this a lengthy and uncertain business.

### The goal

The eventual aim is spelt out in

the Treaty itself in Article 48. This lays down that free movement must be ensured not later than the date of the expiry of the transition period, that it shall involve 'the abolition of any discrimination based on nationality between workers of the member states as regards employment, remuneration, and other working conditions', and that the individual rights which it includes shall be subject to limitations only where justified by reasons of public order, public safety, and public health. These rights include:

(a) The right to accept offers of employment actually made and to move about freely for this purpose in the Community;

(b) the right to stay in any member state in order to carry on an employment under the same conditions as the workers of that state.

*From Bulletin from the European Community*

## South Africa and the Common Market

SPEAKING of the present consideration being given in Britain to joining the Common Market, Mr. P. O. Sauer, Minister of Lands, told an agricultural congress in Paarl that the proposal was creating much concern in Commonwealth countries. But South Africa would be able to make its own agreements with the free trade countries; and if Britain did in fact join, 'a whole reorientation of South Africa's trade overseas' would take place. This, said the Minister, would eventually be to the Republic's advantage through the extension of her markets. It would, however, demand careful study if full use of the possibilities were to be made and the temporary disadvantage bridged.

Mr. Sauer said the Government was giving close attention to the prob-

lem and that the Republic's ambassador in Belgium had been accredited to the Common Market organization so that it could be informed of the latest developments. However the co-operation of the country's exporters was also indispensable.

South Africa's farmers had adjusted themselves to international requirements, continued Mr. Sauer. And where the country's exports consisted to so great an extent of agricultural goods it was gratifying that the three trade missions just returned from overseas could report that South Africa's produce, with a few exceptions, compared favourably with world standards and that her marketing methods caused great satisfaction. These were basic requirements wherever overseas the Republic's markets might be.

*From South African Progress (South Africa House)*

## West Pacific Common Market Suggested

IN Sydney the leader of a trade mission from Hong Kong, Colonel A. D. Clague, has proposed the development of a type of common market in the West Pacific with Australia as its centre.

Colonel Clague, whose five-man mission arrived in Sydney in July, suggested for inclusion in the western Pacific common market, Australia, Hong Kong, the Philippines, Singapore, Japan, Malaya, New Zealand and Indonesia. He said Australian firms could set up subsidiaries in

Hong Kong and supply them with raw materials to take advantage of Hong Kong's cheap labour costs.

Another member of the delegation, Mr. A. T. Dow, said the biggest source of Hong Kong's imports at present was mainland China, while the U.S.A. was Hong Kong's biggest export market. Australia, eighth or ninth on Hong Kong's trade list, accounted for only 2½ per cent of Hong Kong's total annual trade of £A754 million.

*From Australian News*

## Round the Commonwealth

### (1) BRITAIN'S TIES WITH COMMONWEALTH MUST NOT BE LOOSENEED

THE price Britain must pay to join the European Economic Community should not include the loosening of her ties with the Commonwealth, says Barclays Bank D.C.O. in the August issue of its Overseas Review of the 41 countries in which the Bank is represented. Britain's prosperity and world influence depends in the long run on these Commonwealth ties.

The Bank states that it does not seem a rash prophecy to suggest that the biggest economic expansion in the 1960's will be in countries such as Canada and Australia. Moreover, there is good reason to hope that progress in many of the underdeveloped countries of the Commonwealth is gathering momentum and that before long they will provide some of the most valuable markets in the world.

"It is misleading to pay too much attention to the recent trend of Commonwealth trade to expand more slowly than that of the rest of the world. Most countries of the Com-

monwealth still depend predominantly on the export of primary commodities and the terms of trade were moving against them. This trend may easily be reversed at any time: moreover, the Commonwealth countries overseas are diversifying their economies and becoming less vulnerable to such factors.

"The Commonwealth is not fundamentally an economic organization, but a loose and flexible political unit. The political concept is nebulous and not easily recognized, but it is nevertheless the essential basis. Sentiment and tradition are intangible elements which also play a vital part in Commonwealth affairs. But a close and flourishing economic relationship, particularly one of mutual trade, is required to raise such a body from the level of a social club and debating society to that of a dynamic force in world affairs. All those who believe in the Commonwealth as an influence for good in the world must hope that such a relationship will be maintained."

## Full Consultation

IF a closer relationship between the United Kingdom and the countries of the European Economic Community were to disrupt the long-standing and historic ties between the United Kingdom and the other nations of the Commonwealth, the loss would be greater than the gain. . . . No agreement will be entered into until it has been approved by the House after full consultation with other Commonwealth countries by whatever procedure they may generally agree. —The Prime Minister, House of Commons, 31st July, 1961.

## (2) COMMONWEALTH CONTRIBUTION TO WORLD OUTPUT OF PRIMARY PRODUCTS

(figures relate to latest available year or period)

	Unit	World output	Common- wealth output	Common wealth share per cent
Wheat ... ..	Million Tons	243.2	33.3	14
Coarse grains: ... ..	Million tons	378.0	29.6	7
Of which: maize ... ..	Million tons	185.8	7.3	4
barley ... ..	Million tons	73.4	12.6	17
oats (a) ... ..	Million tons	54.8	9.4	17
Rice ... ..	Million tons	255.2	62.2	24
Milk (a) ... ..	Million gal.	65,775	9,188	14
Butter (excluding ghee) (a) ... ..	1,000 tons	3,909	581	15
Cheese (a) ... ..	1,000 tons	2,986	302	10
Beef and veal (a) ... ..	1,000 tons	26,684	2,239	8
Mutton and lamb (a) ... ..	1,000 tons	5,332	1,222	23
Pig-meat (a) ... ..	1,000 tons	25,907	1,389	5
Oilseeds (as oil) ... ..	1,000 tons	22,535	5,323	24
Sugar (cane and beet) ... ..	1,000 tons	46,888	6,887	15
Tea ... ..	Million lb.	2,004	1,255	63
Cocoa ... ..	1,000 tons	899	423	47
Tobacco ... ..	Million lb.	8,262	1,161	14
Rubber ... ..	1,000 tons	1,958	893	46
Wool ... ..	Million lb.	5,615	2,531	45
Cotton ... ..	Million lb.	23,491	2,517	11
Jute (including allied fibres) ... ..	1,000 tons	2,474	1,966	79
Hemp (hard) ... ..	1,000 tons	805	270	34
" (other) ... ..	1,000 tons	380	81	21
Softwood ... ..	1,000 cu. m.	835,070	81,743	10
Hardwood ... ..	1,000 cu. m.	732,385	96,555	13
Iron-in-ore ... ..	Million tons	207	27	13
Nickel-in-ore ... ..	1,000 tons	285	167	59
Copper-in-ore ... ..	1,000 tons	3,600	1,049	29
Lead-in-ore ... ..	1,000 tons	2,300	510	22
Zinc-in-ore ... ..	1,000 tons	3,050	636	21
Tin-in-concentrates ... ..	1,000 tons	160	48	30
Bauxite (a) ... ..	1,000 tons	22,300	7,768	35
Manganese-in-ore ... ..	1,000 tons	5,700	888	16
Asbestos ... ..	1,000 tons	2,000	1,099	55
Phosphate rock ... ..	1,000 tons	36,000	2,031	6

(a)—Excluding China (mainland).

Sources: Commonwealth Economic Committee publications  
Overseas Geological Surveys  
United Nations Statistical Yearbook

### (3) LONG-TERM PLANNING IN INDIA

THE first Plan had talked glibly of a co-operative commonwealth and the second had set a socialistic pattern of society as its goal. The latter concept has been given concrete shape in the Third Plan. The objective of creating a social order based on justice and offering an equal opportunity to every citizen has been preceded by the goal "to build up by democratic means a rapidly ex-

panding and technologically progressive economy". The emphasis on technological advance for the first time will be widely welcomed because the past has proved that the pace of development cannot be accelerated in its absence. The logical sequence is heavier emphasis on the growth of the public sector at a faster rate than that of the private sector.

*From Financial Express, India*

### (4) OTTAWA TAKES BANK RESPONSIBILITY

By BRUCE MACDONALD

REVERSING a stand it has clung to doggedly for four turbulent years, the Conservative Government by implication has publicly accepted final responsibility for the monetary policy being pursued by the Bank of Canada.

Finance Minister Donald Fleming signalled the shift in position with his endorsement of a statement by Louis Rasminsky, newly appointed governor of the Bank of Canada, who contended that the cabinet must shoulder direct responsibility for the major policies of the central bank.

Mr. Rasminsky, who made his views known both to the Government and the board of directors prior to his appointment to the post left vacant after the stormy departure of James Coyne, said he was issuing this first statement since taking office because he considered it essential that the division of responsibilities for monetary policy should be clarified

in the public mind and by legislation.

Minutes after the governor's statement was made public Mr. Fleming followed with a press release of his own. "The views expressed by the governor of the Bank of Canada in his statement regarding the relationships between the monetary and fiscal authorities are in harmony with those of the Government and were known to the Government prior to his appointment," Mr. Fleming asserted.

#### Under fire

Ever since it took office in 1957, the Conservative ministry has been under fire from businessmen, bankers, economists and the two opposition parties in Parliament for its refusal to accept the time-honoured view that the Government had to accept responsibility for the main

*From The Globe and Mail Overseas Edition*

lines of monetary policy put into effect by the central bank. During the recent storm that raged over the Bank of Canada, Mr. Coyne repeatedly condemned the Government for its refusal to accept responsibility for bank policy.

Although the Conservatives took a

contrary stand in opposition, blaming the Liberal administration for the so-called tight-money policy in effect in 1956 and 1957, from the time they formed the Government they maintained that the Bank of Canada was answerable only to Parliament for the monetary policy it pursued.

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## World's Increasing Population

THE world's population is nearing 3,000,000,000 and is increasing at a rate estimated at 55,000,000 a year, United Nations statisticians report.

Asia, which already has 56 per cent of the globe's population, is gaining between 22,000,000 and 33,000,000 every year, said the world organization's demographic year book.

The world's death rate is declining and the experts estimated the world's average birth rate at 36 per 1,000 inhabitants, and the death rate at 19 per 1,000.

Tokio is by far the largest city in the world, considered either as a city proper or as a major metropolitan area. The population of Tokio's 23 wards is 8,161,000 compared with 7,781,984 in New York, the second

largest city proper. Metropolitan Tokio has 11,370,099 people compared with 11,694,633 in metropolitan New York.

London has the third largest metropolitan population, with 8,222,340 but as a city proper it ranks only tenth, the experts estimated. They pointed out that population comparisons are difficult because of basic differences in the definition of a city. The order of the world's biggest 13 cities proper is: Tokio, New York, Shanghai, Moscow, Bombay, Peking, Buenos Aires, Sao Paulo (Brazil), Chicago, London, Tientsin, Rio de Janeiro, and Calcutta. The 10 leading metropolitan areas are: Tokio, New York, London, Los Angeles, Chicago, Calcutta, Paris, Philadelphia, Detroit, and Cairo.

*From The Glasgow Herald*

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## One Million Cocoa Trees

THE millionth cocoa tree was planted in the Solomon Islands during the first quarter of 1961 and cocoa farmers there are beginning to reap the benefits of their plan for expanding the crop. During 1960, seven tons of cocoa were produced on Malaita; this compares with the seven bags produced on the same island in 1958. Some of the cocoa sold on the English market has obtained a higher price than the ruling price for West African cocoa.

## The National Debt

By Professor C. NORTHCOTE PARKINSON

MY third point concerns the National Debt, a trifling sum of £27,000 million, more or less (I spare you the shillings and pence).

I have long suspected that there is something monstrously wasteful in the existence of such a debt. (I have long suspected, also, that its existence is relevant to the process of inflation which has continued rapidly throughout my lifetime. With a starting salary of £250 in 1900, my father had the equivalent of £2,000 a year today.)

But a correspondent has recently drawn my attention to something so odd about the National Debt as to deserve at least some further study. Wanting to know who owns the National Debt—well, it's a fair question, I suppose—he asked the Treasury. That august institution produced a list which covered 47 per cent of the Debt, majestically disclaiming any knowledge of the rest.

### £15,000,000,000 from the petty cash

There was thus an odd sum of £15,000 million for which the Treasury could not account; an error, as it were in the petty cash. So my correspondent tried the National Debt Office, which also disclaimed all knowledge, referring him to the Bank of England. After some delay, the Bank referred him to a Government White Paper, an article in the

Midland Bank Review, and a book about the City.

As these sources provided no relevant information, my correspondent then invited me to join him in a case for fraud against the Commissioners of Inland Revenue. Of course I had to draw the line at *that*. After all, the National Debt comes into the same sort of category as the Church of England. In a confused and troubled world one must regard some things as sacred. Let's face it, there are some decencies to preserve.

### Not cricket!

Would it be cricket, I asked myself, to pillory these possibly well-meaning public servants just because some trifling sum had been mislaid? No, I told myself, no Cambridge man could do a thing like that. And I reached the conclusion that my correspondent cannot have served in a terribly good regiment.

Was that harsh of me? Well, I don't know that it was. You may be sure, anyway, that I wrote him a pretty stiff reply, and very nearly did so on the notepaper of the Cavalry Club, being deterred only by the last-minute recollection that I am not, save in spirit, a member.

Supposing, however, that some cad so far forgot himself as to bring such an action, and supposing that there was a full explanation in court—as

*Extract from 'It's Your Money', an Aims of Industry Booklet, price 1s.*

no doubt there would be—of a circumstance which now seems rather odd, the fact remains—and *would still remain*—that the Debt is man-

aged in an incredibly obscure fashion. And the doubt would remain as to whether the better plan might not be to pay it off.

## Tax Loaded Upon Tax

AMONG the stringent measures announced by the Chancellor of the Exchequer on July 25th was a sweeping 10 per cent increase in all customs and excise duties and purchase tax. This new burden, designed to counter the growing economic crisis, will hit oil users in particular.

As an exercise in self-flagellation these penal measures may impress foreign opinion and help to restore confidence in sterling. Even if they serve this short-term purpose, however, from a long term point of view such broad tax additions are open to considerable objections.

This applies in particular to the higher duties to be borne by petrol and other hydrocarbon oils, which must inevitably prove inflationary, adding to the cost of living and stepping up the expenses of those engaged in manufacturing or marketing all kinds of commodities. They will hit firms concerned with exports just as much as those supplying the home market; indeed, the cement industry has already complained that it has lost export business as a result of increased costs due to the duty of 2d. a gallon imposed on heavy oils last April.

### Costs

It is frankly impossible to reconcile this latest measure with the Chancellor's recent statement, in a reference to industry, that "We need a much more critical attitude towards costs whatever the origin".

The 10% rise in hydrocarbon oil duties will yield close on £50 million in a full year—by far the greatest proportion of which will fall on the shoulders of commerce and industry. Users of motor fuels will bear the main burden—tax on these goes up by 3d. to 2s. 9d. a gallon. In other words, approximately 12s. in every £1 spent on standard petrol or derv fuel now represents tax and only 8s. goes towards the cost of producing and marketing the fuel. Since three-quarters of all motor fuels are used for commercial, industrial and business purposes, the extent of the burden on the country's industry will be very considerable.

In addition heavy oils other than those used in road transport will pay an extra 10% over and above the duty of 2d. per gallon imposed in April. This will cost users—again predominantly industry—around £5 million extra in a full year. By and large the new duties must be passed on to the consumer.

*From The Economic Crisis Supplement of the P.I.B. News Letter  
(Petroleum Information Bureau)*

## Whither Gold?

THE time is overdue for an international conference—but to deal with the broader question of the place of the precious metals in our monetary systems. Little support is evident for restoring the old gold standard. On the other hand, the U.S. policy of suppressing private gold trading has not proved generally acceptable overseas. The most common practice abroad is to have free markets and treat gold as an asset to be held mainly in official reserves but also by private citizens as a store of assured value in an uncertain world. American citizens have shown no great interest in holding gold; yet the policy of forbidding Americans to buy gold in the free markets of the world is inconsistent with our traditions of freedom.

Whether we like it or not, the world in the decade of the Sixties does not dismiss gold as a "barbarous relic" or an "outworn dogma", as J. M. Keynes taught in the Twenties. Many people agree rather with one of Keynes' leading disciples, Professor Roy Harrod, that "the collective wisdom of mankind has assigned a certain role to gold . . . It may not be a perfect device, but on the whole it is a remarkably good one".

### The role of Gold

Gold has won its place in the world today as, over many centuries, man has groped toward workable ways to facilitate trade and store value through the use of money. Commo-

dity money grew out of bartering; gold (and silver) coins became convenient media of exchange and stores of value; promises to pay gold became the most convenient means of payment; and nations, departing from the full-fledged gold standard, embarked upon monetary "management". But "management" did not always show itself as vigilant, skilful, and courageous as was necessary to ensure monetary stability at home and to enable the international monetary system to function properly.

There is no way to turn the clock back. By the same token, however, there is no practical possibility of cutting loose from gold altogether. There are times and circumstances when no other "money" is acceptable. Recognition of this helps reinforce monetary discipline—something we must have if we want an orderly society.

Gold guards against reckless budgetary and monetary practices by making it necessary for a country—whether or not it has a prescribed gold cover for its currency—to frame its domestic economic and financial plans and policies with continuing regard to the external influences to which it is subject, as well as to the external repercussions of its own acts. Now that many currencies of Western Europe rank as good as the dollar, we are confronted with a healthy challenge to keep the dollar as the key reserve currency. The dollar and the gold reserve will take care

*From First National City Bank Monthly Letter*

of themselves if we restrain inflationary pressures, compete successfully in world markets, and measure

government commitments abroad against what we can, by trade and judicious investment, earn overseas.

## A Higher Gold Price the Only Real Solution

WHETHER Washington likes it or not, the inescapable fact is that, however the rules are modified, the changes are at best only buying time and at worst are effectively retarding the growth of trade in the Free World in a period when the outcome of the cold war is more than ever dependent upon the extension of this trade, more especially to many of the emergent countries outside the Communist orbit.

Some of these countries have, perhaps, not acquired the degree of monetary sophistication, which is needed for the successful playing of this I.M.F. game and may well lose patience any time the game gets too confusing or too rough, and revert to type by expressing a thoroughly understandable preference for being paid in gold, for whatever they export. Moreover, any time such countries showed a disinclination to play to the I.M.F. rules, they would have only to turn to Russia which has, for many years, been paying in gold for her net imports.

### Monetary make-believe

It is, in fact, the prospect of the overwhelming psychological victory Russia would gain from such a situ-

ation, which is the best guarantee to the gold industry that, sooner or later, the I.M.F. and Washington will have to stop their monetary make-believe and allow gold to do its job properly by re-pegging its price at a realistic level.

While this will, of course, solve the central problem it can never be a panacea for the economic ills of individual countries, such as Britain, which persist in remaining more or less chronically in deficit with the rest of the world. Thus, the individual bad boys will still have to learn to mend their ways, but at least when gold is at last revalued—if it is not by then too late—they will have sufficient reserves to be able to apply the necessary long-term economic remedies instead of rushing from one short-term monetary expedient to another, none of which provides a solution to the underlying cause of economic imbalance. This, if Britain's case is any guide, usually turns out to be one of paying ownership, management and labour too much for too little. That, however, is quite another story from ours about the metal which can only escape the threat of substitution by raising its price!

*From The Mining Journal*

## Soviet Attitudes

By 'JUSTAN'

### Curiosity about Western World

IN all my conversations I found a most refreshing desire on the part of all my Russian contacts to learn more about the Western world. They are fully aware of the negative aspects of life outside Russia: unemployment, economic crises, overcrowded schools, the negro problem in the United States and many other defects. This is not surprising. By judiciously selecting items from Western newspapers, the Soviet propaganda machine has a comparatively easy task when painting a black picture of conditions outside the Communist Bloc. But what did surprise me was the fact that no Russian seemed prepared to accept this picture as being accurate. A variety of reasons seem to have contributed to this healthy and justifiable scepticism. One young student explained it this way: 'We know that when our leaders speak about things inside the country, they always exaggerate what is good in our society and tend to ignore that which is bad. It is only logical to assume that when they describe conditions in the West they do the exact opposite.'

### Healthy scepticism

A Leningrad bus driver, who recognized me in the street as a foreigner and asked whether I would care to walk up and down the Nevsky

Prospekt with him, was irritated by the fact that Soviet newspapers almost never report railway accidents, plane crashes or sputnik failures, while stressing that all these occurred frequently in non-Communist countries. 'That's just stupid,' he said. 'Accidents must happen everywhere. It's silly to pretend that socialism can prevent them.' He, and many others I spoke to, listen regularly to the BBC and the Voice of America. He ridiculed Mr. Krushchev's statement that Soviet society was monolithic. 'If that were really so,' he argued, 'why do "they" jam foreign broadcasts, forbid non-Communist foreign papers coming into the country and disapprove of contacts with foreigners such as you?' But he disagreed with the Western division of the world into 'a free world' and one of 'Communist slavery'. He referred to Suez and Cuba as proof that the democracies, too, were prepared to get tough when they considered their interests to be threatened. He could see little difference between the Soviet intervention in Hungary and what he considered American support for the recent anti-Castro invasion. 'The only difference,' he added with some pride, 'was that we got on with the job and you got cold feet. This might earn you some moral praise, but it's no way to keep your positions. And history is determined by success and not by moral considerations.'

*From NATO Letter, published by North Atlantic Treaty Organization*

### Meeting more foreigners

I left Russia with many other impressions of a people well aware that many thorns grow in their Marxist garden and that the West has no monopoly of weeds. Some of this knowledge is no doubt derived from tuning into foreign broadcasts, but other factors, too, are contributing to the Soviet citizen's increasing realization that the conflict between the Communist and non-Communist world cannot be defined in terms of black or white. Among them two appear to me to be of primary importance. One is the apparent inability of Communist propaganda to camouflage the obvious failures of the Soviet régime, coupled with the Russian's tendency to realize the frequent disparity between promise and fulfilment. The other is the post-Stalin internal relaxation of Government and Party pressure which has removed a great deal of fear and suspicion within the nation and has also enabled more and more Russians to meet foreigners. Admittedly, the majority of contacts with foreigners take place in the larger cities, but the Russians are a garrulous people, eager to share their impressions with relatives and friends in other parts of the country.

### Voting with the stomach

It would be presumptuous to draw final conclusions from a haphazard survey such as I was able to conduct. Nor was it possible to discover whether the views I heard in the streets, taxis and dining halls of Moscow and Leningrad are having

any influence on the distant policy makers in the Kremlin. All official Russians I talked to politely, but firmly, denied that there are people in the country who have any criticisms to make of the régime or who do not enthusiastically follow the Party line. But such people do exist in the USSR and, unless the authorities again lower the Iron Curtain, their number is bound to grow. For the time being, the average Russian appears to be far too pre-occupied with improving his material lot to worry too much about international issues, which he feels his Government is quite capable of handling. He is prepared to judge the Kremlin by the amount of food and consumer goods in the shops and by the number of flats being built. He doesn't compare his life with that of an American, Briton or Frenchman. His basis of comparison is the perceptible improvement of conditions over recent years. As long as this trend continues, the Soviet Government knows that there is no danger of an organized opposition within the country.

### Growing Public Opinion

But I saw signs that some sections of the Soviet community, particularly the young and educated people, are not prepared to be told what to think for ever. As public opinion in the USSR becomes more aware of the West's policies, aspirations and way of life, the Kremlin will find it increasingly difficult to ignore it. Mr. Khrushchev has abandoned many of Stalin's methods of coercion, but he

is still determined to deny the Russians the right of choice. It remains to be seen how much longer he, or his successor, will be able to define the political attitudes of the Russian people.

## Russia's Space Plans

THE next steps in the study of the Moon will evidently be the establishment of artificial satellites of that planet maintaining radio and television communications with the Earth, the soft landing of rockets with scientific instruments on the Moon, the automatic take-off of rockets from the Moon to return to Earth and, finally, manned flights to the Moon.

These prospects are discussed in the newspaper *Ekonomicheskaya Gazeta* by Nikolai Varvarov, an authority on astronautics.

"It is now quite obvious that artificial satellites are extremely necessary for the study of other celestial bodies, apart from the Earth," he says.

Varvarov points out that the information provided by the study of the Moon with the help of artificial satellites will still not be quite exact.

*From Spaceflight (British Interplanetary Society, 12 Bessborough Gardens, London S.W.1)*

Therefore the need arises for the delivery to the Moon of special automatic stations provided with the necessary equipment. To carry out observations in various parts of the lunar surface, these stations must be made mobile and remote-controlled.

Discussing prospects for manned flight to the Moon and return to Earth, Varvarov points out that the initial weight of the rocket must be 300 times greater than the final. This is impossible at the present stage of the development of rocketry.

Manned flight to the Moon, he says, will be preceded by a manned flight round the Moon with a return to Earth. To ensure the success of such a flight, it is necessary to establish artificial satellites of the Earth capable of refuelling Moon-bound rockets.

## A Russian View!

"NEVER before in Britain's history has there been such a case of economic and political capitulation so overt and far-reaching in its consequences as the decision to join the Rome Treaty. . . .

"The United States wants Britain to join the Common Market. Only thus can Washington implement its

plan to turn West Germany into the dominating military, political, and economic unit of the U.S.'s allies in West Europe. By means of the Common Market, the United States for its part, will be able to open wide the doors leading to Britain's traditional markets and to the sterling area."

—Moscow Radio.

## Rural Economy

### (1) RECORD CROPS

THE world corn crop in 1960 was 8,200 million bushels, a record high. Estimates by the U.S. Foreign Agricultural Service indicates the crop was 260 million bushels above the previous high set in 1959. Most of the increase in world production came in the United States and the Soviet Union. Other increases are reported for western Europe, Africa, and South America. Output was down slightly in Asia and eastern Europe.

In United States, production hit 4,648 million bushels to account for more than one-half of the total world harvest. In the Soviet Union farmers brought in more than 600 million bushels. This compares with the 1950-54 average of 190 million bushels.

In Western Europe, output ran 332 million bushels, a new high. Big production in France was a major contribution to this. In Eastern Europe, the harvest is estimated at 658 million bushels, well above the 1950-54 average but under the previous year.

Asian farmers harvested 845 million bushels of corn, slightly less than in the previous year but well up on the 1950-54 average. In Africa the output was 165 million bushels,

larger than expected, mainly due to production increases in South Africa.

#### Rice

Farmers brought in the biggest rice harvest in world history in the crop year just ending. Production is estimated at 503,700 million pounds, three per cent above the previous record set two seasons ago. Good weather in most parts of the world was a main reason for the big crop. Even in Mainland China, which has been troubled by bad weather, increased acreage offset most losses. Increased acreages in other countries also was a factor in the high production, as was improved cultural methods.

World rice acreage is estimated at 293 million acres, seven million acres more than a year ago.

The increase in production was concentrated almost entirely in Asia. Output in North America, South America, and Africa was about the same as last season. Australia's crop went down a little, while production in western and eastern Europe was sharply down from last season.

Big yields were reported in Japan, India, Pakistan, Malaya, and Ceylon. In Burma and Thailand, Asia's two major exporting countries, were

*From World Farm News, International Federation of Agricultural Producers*

good, although yields were down from the very high yields of the previous season.

### Coffee

World coffee producers will have a crop of 75.6 million bags this season. This is the second biggest crop on record and is 20% above last season's production. As a result, the coffee surplus situation will get worse. The current surplus is estimated at about 40 million bags. The exportable production for the present season is figured at 61.8 million bags.

North American coffee production will be close to 10 million bags, up more than 10% from the previous season. In Brazil, production will zoom to 40 million bags, ten million more than last season. In addition, the Brazilian coffee this year will have a higher percentage of good quality coffee than it did in 1960-61.

Colombian output is estimated at 7.8 million bags, another increase, but Ecuador production is down slightly.

The coffee crop in Africa this season is expected to be slightly under 1960-61 due mainly to political troubles in some of the important producing nations. Output in Angola, for instance, will be down as it may be in the Congo.

### Wheat

Prospects are generally good for the 1961 wheat crop in the Northern Hemisphere. Officials expect a

bumper crop in North America, although an early summer drought in the upper midwest of the United States and on the Canadian prairies may cut into the production forecasts. Russian farmers expect to bring in a bigger crop than they did last year, but in Europe, the production will be down slightly as it will be in Asia and Africa.

For the United States, the harvest is expected to be about 1,344 million bushels of wheat, just a shade under last year's record high production. Early seeded acreage got off to a good start in Canada, but the drought may have reduced the output.

Farmers in France, Spain, the United Kingdom and Italy will have a below-average crop this year and it is the same story in Eastern Europe.

Conditions in the Ukraine are good, as they are in other southern wheat areas of Russia. This is partially offset, however, by an expected lower crop in the new lands of the east.

Wheat harvesting is over in India and Pakistan, with the Indian crop at a record high, but the Pakistan output 15% below last year. Japanese wheat farmers have a slightly below average crop and the outlook in Mainland China is poor for the wheat farmers. Syria, Lebanon and Israel report good crops this year after two years of poor production.

In North Africa, output is down sharply. Egypt's crop is above average, but other big producers in the area report much smaller production.

## (2) MARKETING

THROUGH various channels, and for other farming grants and subsidies, the Exchequer provided £257m. for Britain's agriculture during the year to March 1960, and for 1961 the figure is estimated to have risen to £266m. Of these totals, the sums attributed to price guarantees were £155m. in 1959-60 and rather less in the following year. In general, financial aid has been so arranged as to support farm incomes without raising prices to consumers, the duty-free entry of foodstuffs from other Commonwealth countries forming the core of their trading privileges with the United Kingdom. By contrast, the support of agriculture in countries of the European Economic Community is operated, broadly speaking, through the restriction of imports, and prices tend to move

above those obtaining in international markets.

Britain, as the largest world importer of foodstuffs, and with wide commitments in the Commonwealth and elsewhere, has developed methods of support for agriculture that, as has been shown, vary for different products and are intricate in application. The home industry is now seeking to encourage expansion in domestic consumption, partly through the research undertaken by marketing boards and other organizations into matters such as the more efficient production and distribution of products, and also by publicity, for example, to promote sales of liquid milk. Today, the emphasis in Britain's farming is on marketing, mainly for home consumption.

*Extract from an article 'Progress in Marketing Farm Produce'*  
*Midland Bank Review*

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## (3) EGGS IN THE COMMON MARKET

MR. C. J. HARRISON, Vice-Chairman of the British Egg Marketing Board, told his Regional Committee at their meeting at Grantham last month, when asked for a Board statement on the Common Market, that the Board supported fully the N.F.U. policy on this subject. There was nothing like sufficient information available to answer the following

questions, and he felt that until these were answered and more data known, it would be impossible to give an appreciation of the consequences of entering the Common Market:—

1. How much do we really know of the potentialities of the European Market both for manufactured goods and food?

*From Essex Farmers' Journal, August 1961*

2. How would entry into the market effect feeding stuff prices; labour and other costs? Would manufactured goods be cheaper?
3. Would prices to the housewife in Great Britain have to rise, and would she buy fewer eggs if they did?
4. Would the standard of living in this country fall to the level of that of the lowest European Community, or would the reverse apply?
5. While the prospect of 220 million mouths in Europe may be attractive, how about the 650 million in the Commonwealth, some of whom are gravely under-nourished?
6. Would the country, therefore, not benefit more by joining as "British Commonwealth of Nations", rather than as the United Kingdom?

## Economic?

"ROAD transport, surely above all else, is the life blood . . . of industry. . . . The need for cheap transport is paramount." It might be assumed that these words were spoken by someone with a particular interest in the use of motor vehicles, whereas they were uttered by a member of the present administration, when in Opposition in 1951, against a previous increase in motor fuel duty. Significant as was the contribution of road transport to the national economy at that time, it has since assumed a much greater importance and is now the major means of inland transport. Any variation, therefore, in its cost is immediately reflected in the costs of production of which it forms a vital part.

In the face of these facts it is illogical that an addition to the fuel tax should be included in the Chan-

cellor's economic measures. The additional burden will be more than £36 million a year and most of this will fall upon trade and industry. It is difficult to see how production costs, and hence the cost of exports, will be reduced by such a device.

Another handicap under which manufacturers labour by comparison with countries competing against us in export markets is that of the additional transport costs caused by vehicles having to use a road system for the most part grossly out of date. The present road programme will at best only partially provide, at some future date, what is urgently required now.

A true appreciation by Governments of the essential part played by road transport in the nation's economy is long overdue.

*From The British Road Federation Bulletin*

## Copper, Katanga and the U.S.

IN a report of the relations between *L'Union Minière*, the Belgian mining combine, and the Katanga Government, the Special Correspondent of *Le Monde* (Paris) points out that the presence of the company assures the livelihood of almost half the population of the province, that it is the main source of revenue, and that it has plans for development extending twenty or thirty years ahead.

"Now that Lumumbism has lost some of its virulence," the report continues, "and the prospects for Katangan independence have diminished, the *Union Minière* is adapting itself to the new conditions. One reason for this is the need to counter

the moves of its American competitors. A director of the company recently declared: 'The American Trusts, particularly the Chile Copper Company of the Anaconda Group, are doing everything they can to supplant us in Katanga. If they succeed in evicting us they will become the absolute masters of the world market for copper. The operation would be all the more profitable because our production represents nine-tenths of the surplus which keeps the world price down. In consequence a difference between us and the Katanga Government, or a recrudescence of Baluba terrorism, would suit them very well.'

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## The International Monetary Fund

IN present-day circumstances the IMF system is a bad one. It obliges national monetary authorities to maintain the value of their currency if they are under acute deficit pressure, until a once-for-all, cataclysmic currency depreciation is allowed to remove a fundamental equilibrium. This provides a golden opportunity for speculators during the period of support, so that the currency suffers additional unnecessary strain. Currencies such as sterling and the dollar, which are held as international reserve currencies in other countries, are particularly vulnerable in this respect. The amount of sterling balances held as liquid reserves by other countries is greatly in excess of the total gold and dollar reserves held by the UK authorities. If foreign holders lose confidence in the pound and move their funds out of sterling into gold and dollars, an intolerable strain can be put on sterling. The dollar has been approaching a similar position, since a large liquid debt of dollar balances is being held by other countries against the gold reserves of the USA.

*From an article by Professor J. E. Meade published in the Three Banks Review*

## Readers' Commentary

### A NATION CONFUSED

Sir,

While the Government, as a matter of goodwill and co-operation, is applying for membership to the Common Market, the Nation is confused and undecided.

Great Britain, with her great experience of an Imperial, Colonial and now Commonwealth evolution should prefer, as a Nation, to tighten her relations with the Commonwealth and underdeveloped countries in the new spirit of the times and give guidance, help and organize co-partnerships without political strings.

For years now the British Council has unobtrusively been doing excellent work by providing books in English on various subjects sponsoring for Students to come to Britain and to look after their welfare, the only object being to make Britain and the British way of life known in these

countries. What now is required is a British Trade Council to work parallel with the offices of the British Council in all the Commonwealth and friendly countries to propagate the British way of doing business, fair dealing, commercial integrity, reliability of qualities, etc. In this way we shall have a permanent partnership of export/import business established in various Commonwealth countries to the benefit of all concerned. My advice to youth is—Go East Young Man, it is exciting and exhilarating, it widens the mind and is rewarding, materially and spiritually. More than all, in the long run it is a satisfying service.

Yours faithfully,

E. H. ATHANASSOGLOU.

11 New Street,  
London, E.C.2.  
18th August, 1961.

Be informed  
on the motives of The Common Market

*Read and re-read*

**The Uncertain Ally 1917-1957**

*by*

JOHN BIGGS-DAVISON, M.P.

*Published by Christopher Johnson, (11-14 Stanhope Mews West,  
London, S.W.7) 15s.*

## Digest Reviews

### COMMON MARKET

*The European Common Market.* By Isaiah Frank. Stevens; 50s.

*The Challenge of the Common Market.* By U. W. Kitzinger. Blackwell; 10s. 6d. (paper).

These are two useful studies dealing with the European Economic Community. The first provides an analysis of commercial policy and of the principal post-war European economic developments leading up to the Rome Treaty. The implications of the policies of the Community on other countries is considered, the author makes it clear that trade discrimination against outsiders is at the core of the moves towards economic regionalism.

Mr. Kitzinger's book, 'The Challenge of the Common Market', also provides a useful background of events in Europe and describes the Community which Britain is now seeking to enter.

### RURAL ECONOMY

*Old Farm Implements.* By Philip Wright. A. and C. Black; 25s.

*The Vegetable Garden Displayed.* The Royal Horticultural Society. Geoffrey Bles; 10s. 6d.

The author of 'Old Farm Implements' has been active in collecting implements and tools used in agriculture in past ages. In his book he has brought these all together under the four seasons of the year. Methods of ploughing, seeding and cultivating,

shepherding, hoeing, draining and hedging as well as harvesting and threshing are fully described and there are 24 plates and 39 drawings to illustrate the text.

'The Vegetable Garden Displayed' is a new edition, enlarged and revised published by the Royal Horticultural Society. It provides an authoritative guide for the amateur vegetable grower and is very fully illustrated, showing the sequence of operations for each vegetable.

### EMPIRE BUILDER

*Edward Gibbon Wakefield, Builder of the British Commonwealth.* By Paul Bloomfield. Longmans; 42s.

Few people have heard of Edward Gibbon Wakefield, yet as Mr. Bloomfield clearly shows in this fascinating biography, he was one of the founders of the British Commonwealth as we know it today. Unfortunately, Wakefield was guilty of a major indiscretion in his earlier days. In 1826 he abducted a 15-year-old schoolgirl, took her to Gretna Green and married her. For this he was sent to Newgate Prison and the stigma of his action penalized him for the rest of his life.

In spite of this episode and the active disfavour which it evoked from authority, Wakefield devoted his life to empire-building and showed a remarkable awareness of future trends towards self-government, his thinking was far in advance of most of his contemporaries.

It was due to Wakefield that South Australia became a colony of free settlers and it was his insistence on the need for settlers representative of all sections of the community which paved the way for New Zealand's development. But for Wakefield, Canada might well have become a foreign country. Mr. Bloomfield shows how obstructive officialdom can thwart worth-while projects and his account of how this was overcome should be an encouragement to those who are carrying on the fight today.

### UNDER ARMS

*Men in Uniform: Military Manpower in Modern Industrial Societies. Studies in International Security: 3. Weidenfeld and Nicolson for the Institute of Strategic Studies; 21s.*

A comparison of conscript, volunteer and mixed systems of raising troops could make dull reading for the general student. But Mr. Foot, a scholar-soldier who has already published a book about modern British diplomacy, writes a brisk style with fascinating human and historical flashes.

He shows that in the nuclear age armed forces are larger than ever before in time of peace. At the same time recruitment is difficult in conditions of full employment when industry and the professions are in the market for the same sort of men that are needed by a modern, highly technical navy, army or air force. The "brutal and insolent soldiery" of the eighteenth century no longer

suffice. Mr. Alastair Buchan's Foreword mentions the increasing need for conventional forces by powers undergoing rapid economic expansion.

Mr. Foot examines and gives figures of the various systems, including Soviet conscription which he describes as run on obedience and fear, after explaining the military and civil circumstances of each country. He gives particular attention to the United Kingdom's complex problem. The dropping of National Service he deems a gamble which may end in resort to a mixed system. No verdict is given in favour of a particular method but the author seems attracted by the idea of a citizen army, despite the doubts thrown on its worth in the nuclear age.

*The Story of the French Foreign Legion. By Edgar O'Ballance. Faber; 30s.*

A great subject is here competently but prosaically treated by the distinguished historian of Arab-Israel conflicts. The Legion is shown to be in the great mercenary tradition of the Mediaeval Grand Companies. (Major O'Ballance might have gone back to the Varangians.) *Honneur et Fidélité*, the motto of the Swiss Royal Guards, taken over in 1792 by the Revolutionary Government, is repeated in the words *Honneur, discipline et fidélité*, still on the Legion's colours instead of *Liberté, Égalité et Fraternité*. The book stops short of the late tragedy in Algeria.

## ARMAGEDDON

*Beyond the Eleventh Hour : a Novel.*

By S. B. Hough. Hodder and Stoughton; 15s.

Here is a tale of a not distant future—a fantastic future, one hopes. This tense and terrifying novel can be read at a sitting, and the outcome of nuclear tragedy gives one to think hard on the human condition.

## PAKISTAN PAPERBACKS

*An Introduction to Basic Democracy. With a Foreword by H.E. Mr. A. K. Brohi, High Commissioner for Pakistan in India.*

*Pakistan Ideology, Constitution, Laws, Foreign Policy. With a Foreword by Mr. Zulfigar Ali Bhutto, Minister for National Reconstruction and Development.*

*Sentinel Books I and II. Sentinel Publications (Allies Cafe Building, Frere Road, Karachi 3).*

Samin Khan looks to the "Middle East" rather than to the Commonwealth for an international framework for Pakistan but there is much that is thoughtful and interesting in these two little books.

The author comes of a distinguished U.P. family and has travelled and studied widely in Britain and America and is a shrewd observer of society and institutions. Taken together, his two books, the latter a collection of articles, are a plea for institutions in conformity with national character and with Islam. Samin Khan gave up legal practice because he believed the English

system conflicted with the ideology of a Muslim State undergoing a bloodless revolution. "Basic Democracy" is the revolutionary Government's adaptation of the traditional *panchayat* structure, which some British Tories reckoned a better foundation for real constitutional progress in the sub-continent than the in many respects admirable Government of India Act, 1935.

Samin Khan is young to have known many British I.C.S. men and is mistaken in his belief that the old "bureaucracy" all thought of the *panchayat* as a merely judicial convenience. In the undivided Punjab, for instance, efforts were made to build up the *Panchayat* as "parish councils" as well as village tribunals.

## COMMONWEALTH ECONOMIC COMMITTEE

*Industrial Fibres, 1961. H.M.S.O.; 10s.*

World production of the chief industrial fibres in the 1959-60 season is estimated to have risen by a further 5 per cent to reach a new peak of some 43,100 million lb., according to *Industrial Fibres*, published by the Commonwealth Economic Committee. The increase applied to each of the main fibres, apart from jute. The review also includes preliminary information covering the 1960-61 season which indicates that, on balance, world output of industrial fibres will again be higher in aggregate than in the previous season. Increases are expected in hard hems, jute, flax and man-

made fibres, but wool and silk production are expected to be somewhat reduced and that of cotton to show little change.

*Fruit: A Review of production and trade relating to fresh, canned and dried fruits, fruit juices and wine. Published for the Commonwealth Economic Committee by H.M. Stationery Office; 10s.*

*Dairy Produce: A Review of production, trade, consumption and prices relating to butter, cheese, condensed milk, milk powders, eggs, egg products and margarine. Published for the Commonwealth Economic Committee by H.M. Stationery Office; 7s. 6d.*

Both these studies were compiled in the Commonwealth Economic Committee's Intelligence Branch. Fruit production would continue to rise, the Commonwealth in general keeping its share.

There was also an upward trend in milk production, and the Commonwealth more than held its own with 45% of the total shipped. For the future the growing self-sufficiency of the European Economic Community may mean that outsiders' receipts will depend more than ever on the weather.

### IMPERIALISM AND AFTER

*Africa and the Victorians: The Official Mind of Imperialism. By Ronald Robinson and John Gallagher with Alice Denby (Robinson). Macmillan; 45s.*

*The Fall of Kruger's Republic. By J. S. Marais. Oxford; 35s. (in U.K. only).*

*Jacaranda. By Gerald Hamilton. Sidgwick and Jackson; 21s.*

The first is a work of scholarship and distinction, admirable for its style and arrangement and the maps. It will shatter several myths on the motives of nineteenth century British Imperialism—although it is unlikely—more's the pity—to be heeded by the facile chanters of anti-colonialist incantations.

The authors bring out what Lord Salisbury called the "sudden revolution" in England's political relations with Africa in 1882, marked by the bombardment of Alexandria under the orders of Gladstone's (save the mark!) Liberal Ministry and the pressure and aims which caused the transformation and which they find to be other than the motives alleged by Hobson and Lenin. "The British colonies and protectorates in tropical Africa had not been claimed originally because they were needed as colonial estates. Rather, they had been claimed for strategic reasons, and they had to be developed as colonial estates to pay the costs of their administration. Their economic development was more a consequence than a motive of the Scramble. As an explanation of European rule in tropical Africa, the theory of economic imperialism puts the trade before the flag, the capital before the conquest, the cart before the horse. The supreme strategic consideration was India and the routes to India and the Empires further east."

Of particular poignancy today is the question which forms the title and

topic of a chapter: "South Africa; Another Canada or United States?"

If South Africa moves away from the British towards an American connexion as a result of her estrangement from the Commonwealth, some of the basic causes must be found in the history with which Professor Marais deals with considerable scholarship. He has the advantage of the opening in 1949 of British archives to the end of the nineteenth century, and of recent material, in his somewhat partisan arrangement of the tangled tale of "Joe", "Oom Paul", Uitlander gold and the rest.

Mr. Hamilton also sees the Afrikaner point of view. His short book is irritatingly chatty and naive yet it grows on you if you persevere. There are several amusing and instructive anecdotes. But could not the author have delved a few inches deeper and checked more of his statements? He thought, but could not trouble to verify, that the title of the Leader of the South African Opposition is hereditary and confuses the Lord Chancellor with Chancellor of the Exchequer.

Yet his work should popularize the view that South Africa should be judged on facts not prejudices. Mr. Hamilton makes the interesting criticism of Mr. Macmillan's Capetown speech that the logic of his references to South African and to black nationalism is separate development.

### SHORTER SCRUTINY

*How we Weigh and Measure.* By Arthur Groom. Routledge; 10s. 6d.

What is a pottle? How many acres

in a Barony of Land? What is a carat? or a nebuchadnezzar? These and many other fascinating questions about weights and measures are answered in this useful book which should interest young and old. The author also gives up-to-date information on measurement by "wave lengths of light" and other scientific discoveries relevant to weighing and measuring. A complete list of weights and measures in every country in the world is also included for good measure.

*Farm Planning and Management.* By C. H. Blagburn. Longmans Green; 45s.

Mr. Blagburn, who has held several posts in government and in university circles and is now engaged on advisory work, has provided a useful study dealing with the application of economic principles to farm management in Britain. He urges the importance of looking at the farm from the economic point of view as a whole rather than the costing of each farm enterprise as a separate entity. Part 1 deals with The Farming Plan, Part 2 with Resources, Part 3 with Enterprises, Part 4 with Markets and Part 5 with Records.

*Federalism and Economic Growth in Underdeveloped Countries.* A Symposium. Allen and Unwin; 25s.

This symposium is based on the proceedings of a small working party conference held in September 1959. Contributors include Ursula Hicks, J. R. Hicks, F. G. Carnell, W. T. Newlyn and A. H. Birch.

*A Prosperous Press.* By Iain Colquhoun. Hobart Paper No. 13. Published for the Institute of Economic Affairs. Barrie and Rockliff; 5s.

"The first thing which a really intelligent newspaper industry would do in this country would be to shed some of its dependence on advertising. This is not merely because the economics of newspaper publishing are distorted by the fact that its products are sold far below the cost of production. Morale in the journalistic profession and public esteem for newspapers are also involved. . . . Ideally, newspapers should live or die by what their readers are prepared to pay for reading them."

So writes Iain Colquhoun in a survey of the economics of newspapers issued by the Institute of Economic Affairs.

Mr. Colquhoun believes that one way of reducing newspapers' dependence on advertising revenue would be to raise newspaper prices. If a proprietor wanted to "go it alone" with this method he should not be dissuaded by the Newspaper Proprietors' Association.

*Theory of Markets Applied to Labour.* By D. J. Robertson. Published for the Institute of Economic Affairs by Barrie and Rockliff; 3s. 6d. (paper).

Mr. Robertson has just succeeded Professor Alec Cairncross (newly appointed Economic Adviser to the Government) as Professor of Applied Economics at Glasgow. In this pamphlet he poses such questions as,

Should a trade union at any time have the right to deny a man work? Should dismissal from a trade union for a union offence mean a loss of livelihood? What would happen if the closed shop were to become general? The main objection to a closed shop policy, says Mr. Robertson, would be that it reduces flexibility in recruiting labour and reduces ease of movement. 'A Market for Labour' is pamphlet No. 12 in the series of Hobart Papers.

*Industrial Growth and Population Change.* By E. A. Wrigley. Cambridge University Press; 32s. 6d.

Covering the period 1850-1914, this study examines industrial growth and population in the area based on the coal producing area stretching from Pas-de-Calais in France, through Belgium to Aachen and the Ruhr in Germany.

*The Africa of 1961.* Published by the Royal African Society; 10s.

The book is a collection of the papers read and the subsequent discussions held at a course organized by the Society at the Guildhall, London, in February of this year. The subjects covered include South Africa and its problems, East Africa in transition and the problems facing the new African nations.

*The Age of Churchill, Vol. I. Heritage and Adventure 1874-1911.* By Peter de Mendelssohn. Thames and Hudson; 42s.

This handsome illustrated volume, with its successors, will make a

handsome present, for its readers will want to treasure and return to it. Some rather elementary errors of fact are more than atoned for by an easy charm of style and a deft touch which brings the age as well as the man to life.

*Memoirs of a Bengal Civilian.* By John Beames. Chatto and Windus; 30s.

Mr. Beames was trained at the old Haileybury for John Company's service and went to India at the beginning of the post-Mutiny epoch. He wrote a good, plain style, relieved by humour and a wealth of interesting anecdote. We see an India in which the devotion to painstaking duty and unshakeable self-confidence of its handful of British rulers laid the foundations of two modern Commonwealth states. India is essentially an unchanging, or very slowly-changing, land-mass and much of which Mr. Beames writes, and the way he writes it, will impress the more recent "civilian" who reads this book for its freshness and modernity.

*I speak of Freedom: A Statement of African Ideology.* By Osagyefo Kwame Nkrumah, P.C., President of Ghana. Heinemann; 25s.

Some of these collected speeches are of first quality, and Ghana could do very much worse under other leaders. The sub-title reminds us however that the word "freedom" is usually imprecisely employed. The book is dedicated to the late Patrice Mumumba.

## BOOKS RECEIVED

*Decision, Order and Time in Human Affairs.* By G. L. S. Shackle. Cambridge University Press; 35s.

### FOR REFERENCE

Items in this Section will be kept for one year. Any of our readers and any member of the Economic Research Council who wishes to refer to any of them is invited to apply, citing the appropriate number or numbers (given in brackets after each item).

### O.E.E.C.

*European Productivity.* No. 38.  
*Regional Development.* (87)

### European Coal and Steel Community

*Investment in the Community Coal-mining and Iron and Steel Industries.*

Report on the 1961 Survey. (88)

### Western Australia

*Opportunities for Industrial Investment in Western Australia.*

Report by a visiting team of British industrialists led by J. O. Knowles, M.A., M.I.E.E. Published by the Government of Western Australia. (89)

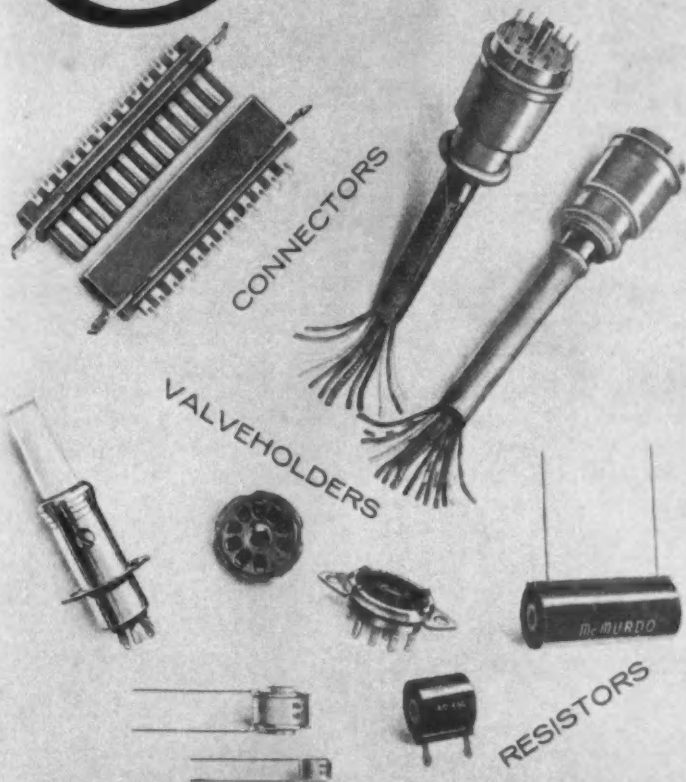
*Political Advance in the United Kingdom Dependencies.*

Pamphlet issued by the Central Office of Information. (90)

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# OMPONENTS

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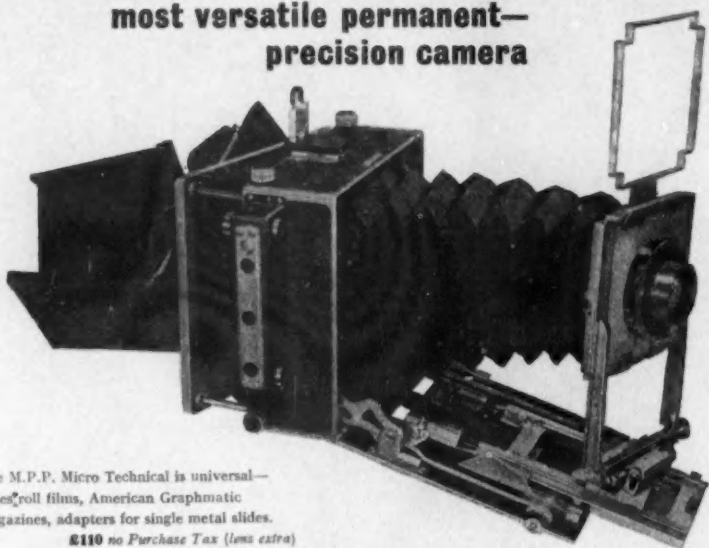


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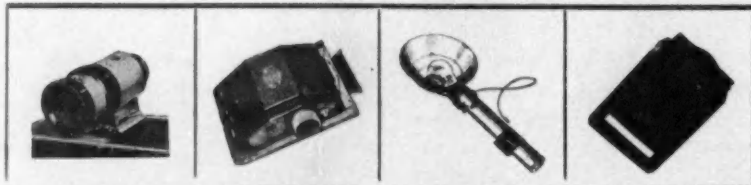
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